

Implementation of ISO 26000 Dan Stakeholder Engagement Strategy to Optimalizing Corporate Social Responsibility in PT. Semen Indonesia, Tuban

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Abstract. Considering the industrial growth, cement industry predicted an increase demand of cement around 6-7% in 2014 and in 2019, the product capacity of cement will reach 90-95 million ton in Indonesia. Moreover, there is an issue which potentially make more competition between Cement Company are ASEAN Economy Community in 2017. This triggering issue is commonly affecting production unit that should build new plant for achieving capacity target. To achieving the business goal, Corporate Social Responsibility will be so important to show their responsibility to environment and community to make business sustainability. This research will be discussed about the optimization of Corporate Social Responsibility in PT. Semen Indonesia, Tuban. According to implementation of CSR in PT. Semen Indonesia, there are several problems happened in this company. Internal of CSR department states that CSR implementation is unoptimal, which is the low percentage of shared value within company and community always occurred. To solve this problem, there are offered solutions to improve the implementation of CSR in internal and external view. Application of ISO 26000 and Stakeholder Engagement strategy used to answer that problem in PT. Semen Indonesia, Tuban.

Keyword: CSR, PT. Semen Indonesia (Tuban), ISO 26000, Stakaholder Engagement Strategy

1 Introduction

Considering the industrial growth, cement industry predicted an increase demand of cement around 6-7% in 2014 and in 2017, the product capacity of cement will reach 90-95 million ton in Indonesia. Other issues, which potentially make more competition between Cement Company, are ASEAN Economy Community in 2015. This triggering issue is commonly affecting production unit that should build new plant for achieving capacity target.

Based on data from the Ministry of Industry, there are 9 cement companies that listed in the mining operations and approximately there are 22 big production sites in Indonesia. The main business of this industry is exploration of soil containing limestone. This exploration will certainly damage the natural balance and will definitely harm population around the production site. Therefore, the trust of the various stakeholders on business sustainability is needed. To achieve the business sustainability, especially for mining company, CSR will be so important to show their responsibility to environment and community. Particularly in the cement industry, that is very important to improve the company's image in the community and gain public support to implement meaningful and strategic CSR program.

PT. Semen Indonesia is state-owned enterprise of Cement Company in Indonesia. As state-owned enterprise, PT. Semen Indonesia have an obligation to fulfill CSR program that is not only governed by Peraturan Perseroan Terbatas Nomer 40/2007 Bab V Artikel 74, but also governed by Peraturan Pemerintahan No.08/MBU/2013 about Partnership and Community Development Programs. To comply with all existing rules, PT Semen Indonesia required including CSR as a business process under the control of a company's independent department. It should also be reported annually on the basis of ISO 26000 as CSR's guidance program (Semen & Sustainability, 2017).

The concept of Social and Environmental Responsibility or CSR is growing very rapidly, not merely as instruments of the company's interaction with the consumer, but the success of the CSR program will show the real face of the company. To realize the strategic steps to develop Tuban IV as part of the production area of PT. Semen Indonesia with a value of Rp 3.18 trillion and investment in production capacity of 3 million tons per year. This development needs synergy between company and stakeholders that should be happen continuously.

Analysis of CSR Problem

Based on WBCSD, Corporate Social Responsibility is business commitment to contribute to sustainable economic development working with employees, their families, the local community, and society at large to improve their quality of life. Otherwise, Many researchers have approving CSR is became one of business process that is important to develop. CSR also is not a result of financial expenses, but it relevant with social investment. As an idea, CSR requires the responsibility of company to not only focus on the financial condition. But it is clear that the CSR is the responsibility of the company to stakeholders to behave ethically, minimize negative impacts and maximize the positive impact that covers economic, social, and environmental aspects in order to achieve sustainable development goals (Alves & Rodrigues, 2018).

Cement Industry is one of Indonesia's industries that predicted to grow significantly year-by-year. Despite of the promising industry, cement industry naturally has related with environmental exploitation and environmental destruction. With the growing demand of cement in domestic and foreign market, expanding new plant or new field is prepared to upsize the production volume. The threats of those strategies are to make sustainable development within "people, planet and profit". In order to make sustainable development to support the business process by implementing CSR or social responsibility is a good stuff that needed once today (Gussman, Fathonah, & Wibawa, 2009). Regarding to CSR that already recognized in Indonesia at the beginning of 2008, PT. Semen Indonesia constantly dedicated to serve community by appropriate CSR programs. For optimize CSR in Semen Gresik, Tuban, the company has operating CSR with theme "BERSINERGI- BERSama Semen Indonesia cERdaskan neGerI" that is success to implement for stakeholder. On the other hand, company which already made and implemented CSR program year by year, the main problem is inefficient CSR implementation that make difficult to shared gain or shared value between stakeholders and company that one of problems from implementation stakeholder engagement. The problem also begins about the standardization of CSR, so that is making harder to solve social conflicts, although the company has been success to achieve PROPER within 2012 and 2013 for PT. Semen Indonesia (Semen Gresik) in Tuban (Semen & Sustainability, 2017)

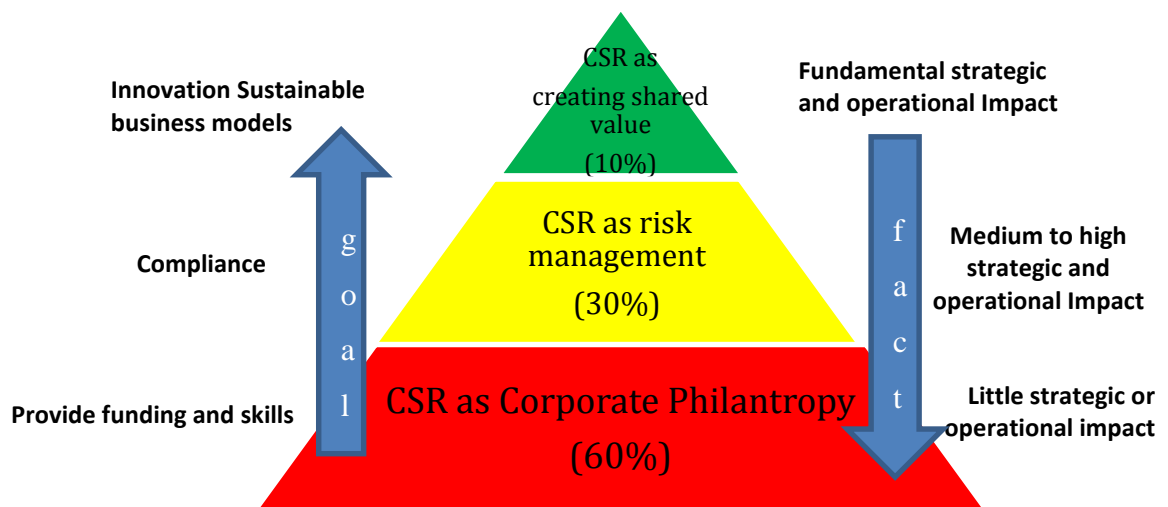


Figure 1.1 PT. Semen Indonesia's CSR or CDI Hierarchies

Source: Semen Indonesia Sustainability Report, 2018

For implementing CSR program, PT. Semen Indonesia explains CSR as creating shared value is community programs that related with sustainable relation and development within company and stakeholders and this hierarchy only grab 10% of the result of CSR program. CSR as risk management is community program to prevent the social dynamic that probably will disturb the business process and this hierarchy only grab 30% of the result of CSR programs. In the last hierarchy, CSR as corporate philanthropy is community program that includes community charity with unexpected of return from stakeholder is only one-way services. This program is practically not important, but it's just giving little impact for the company (Semen Indonesia, n.d.).

As one of the largest state-owned enterprises in Indonesia, PT. Indonesian cement gets heavy burden in their responsibilities to the surrounding environment. Moreover PT. Semen Indonesia is a company that processes natural resources have a variety of risks in the future. As well as the selection of CSR programs that are less targeted and sometimes still pegged to program the previous year, the pattern of communication between internal and external parties is often problematic and their different understanding between departments on CSR objectives is also not so good. It is all due to companies that are not obedient and discipline towards standardization that should be used (Muhammad & Rudito, 2013). Although, PT. Semen Indonesia has already implemented ISO 26000 since 2012 as guidance of CSR, but the company didn't completely adopt standardization into their business process. ISO 26000 clauses definitely will help the company align the goal or objective of CSR. Based on that problems, there is a root cause will be observed more intent in this research which is **PT. Semen Indonesia is no obedient and discipline with CSR's guidance (ISO 26000).**

Problem of Stakeholder Engagement and Social Conflict

Stakeholders are one of the entities in the implementation of CSR as a receiver or manager of the company assistance. In the implementation of CSR is the case is still often associated with charity, where CSR is only valid in the time. It obviously will cause a short relationship between the stakeholders and the company, so there will be no ongoing relationship patterns. If this continues it is not likely that there will be social problems in the future, the absence of engagement between the two is the main cause (Carroll et al., 2004). With the target

company continues to increase, and then the company should pay attention to stakeholder engagement. This is to mitigate the risk of future conflict in the future. Based on that problems, there is a root cause will be observed in this research, **PT. Semen Indonesia didn't engage stakeholders and mitigate the social risk properly**

The Stakeholder approaches will be effectively implemented in corporate strategic, when its begin to synergy and engage with the company. Stakeholder engagement is the process by which an organization involves people who may be affected by the decisions it makes or can influence the implementation of its decisions. Moreover, the logic of stakeholder engagement in the organization or within the community in which it operates, hold relevant official positions or be affected in the long term. Stakeholder engagement is a key part of corporate social responsibility (CSR) and achieving the triple bottom line.



Figure 1.2 The Business Case for Stakeholder Engagement:
From Risk Management to Strategic Positioning
Source: UNEP and Account Ability 2005

The figure above shows hierarchy of business case of stakeholder engagement that will be use for analysis concerns for the alternative solution in this research. Stakeholder engagement will operate in strategy to mitigate the social risk and focus on need of treatment for stakeholders (Gould, 2012).

2 Research Method

This research uses qualitative methods by finding primary data derived from social patrons that have been obtained related to the business activities of PT. Semen Indonesia. This research used in depth interview into 50 patron clients that proved by CSR Department in PT. Semen Indonesia. For analysing problems, this interview will used conducting interview that will be consist on behavior, opinion, knowledge and backgroud in CSR departments and patron clients. On the other hand, the use of secondary data is expected to help determine the right solution to answer the root cause. Those root cause are analysed by 5 whys solving method.

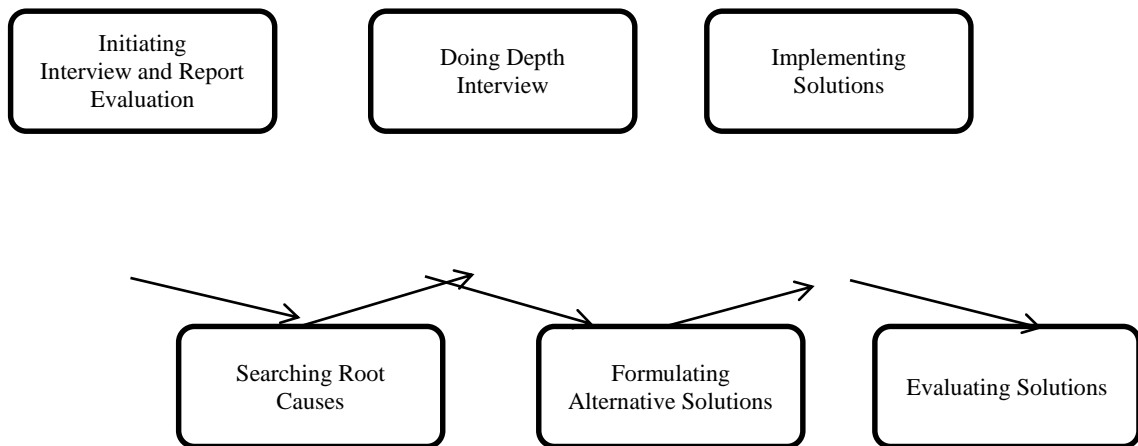


Figure 2.1 Research Methodology

3 Result and Discussion

For answering the root cause that have been obtained, researcher can use several alternative solutions that can answer the root cause exist. Moreover alternative solutions that can be done in sequence consist of implementation of ISO 26000, commitment and obedience to CSR's objective, Stakeholder Engagement Strategy, adding risk management and early warning conflict in CSR division and Proposed CSR's Business Process (Alves & Rodrigues, 2018).

Implementation of ISO 26000

Regarding to ISO 26000 applications, there are seven clauses that showed as outline of the guidance. ISO 26000 provides broad guidance, but does not offer specific instructions or requires for specific outcomes. Businesses that implement ISO 26000 have opportunities to identify and act of their own priorities and to build stronger business models in the spirit of "continuous improvement" (Morris & Baddache, 2012). ISO 26000 has been applied in clauses, as follows;

Clause 1 – Scope

Expanding the scope of CSR is a must for PT. Semen Indonesia who wants to continue to develop into a leading company in Indonesia and in Southeast Asia. Following the company's acquisition of Thang Long Company from Vietnam, the company also had to change the standards that initially only use national standards into international standards by using the standard measurement that used world-class company.

Clause 2 – Term and Definition

In term of CSR, PT. Semen Indonesia stated key of CSR is how to meet the basic need and want for each stakeholder. Mostly CSR program is misunderstood by concept and meaning, CSR is not only community charity, but also it should create advantages between community and company and it's called creating shared value. That key of terms is nearly suitable with Social Responsibility in ISO 26000 definition, that can be formulated below.



Figure 3.1 Terms and Definition of SR in PT. Semen Indonesia
Source: processed

Clause 3 – Understanding Social Responsibility

Social responsibility is indirectly different from the CSR, where CSR focus more on the way that the form of corporate responsibility is not the case that must be carried out by two interest groups. Moreover, the implementation of social responsibility must be run with the principle of sustainable development. Sustainable development itself is growth and changes that maintains and improves the natural environment, human resources, and society upon which we depend. Businesses that identify maintain and improve their natural and human resources are highly competitive.

Clause 4 – Principles of Social Responsibility

Those principles must have been implemented by PT. Semen Indonesia with standard measurement that been used before. The problem might be occurring when the implementation of principles is optimal or not. During now, the company has many tools (social mapping) to maintain those principles optimally, even still have a problem in implementation.

Clause 5 – Recognizing Social Responsibility and Engaging Stakeholder

This clause has been clearly stated in last chapter within the definition and objective. Other concern about the willingness of company to use stakeholder engagement also has been explained.

Clause 6 – Guidance of Social Responsibility Core Subjects

This clause has elaborate core subject that is effect in the company. Company should determine the level of achievement to fulfill this core subject that is included, as follows:



Figure 3.2 Core of Social Responsibility
Source: ISO 26000

Clause 7 – Guidance on Integrating Social Responsibility throughout an Organization

This clause will be elaborate an important and effective means of integrating social responsibility throughout the organization is through the organization’s governance, the system by which its decisions are made and implemented in pursuit of social responsibility’s objectives. PT. Semen Indonesia should conscientiously and methodically manage its own impacts associated with each core subject and monitor the impact of the sphere of influence within company and stakeholders to mitigate the risk of social and environmental harm. When making decisions, company should consider the best ways to make good programs with minimizing the harmful impact of its program. The company also should confirm that the principles of social responsibility are applied in its governance and reflected in its structure and culture. It should review procedures and processes at appropriate intervals to make sure that they take into account the social responsibility of the organization.

Commitment and Obedience to Social Responsibility’s Objectives

CSR or SR has been understood by CSR department, but its not always be understood by other department and employees. So that, in-specified period, PT. Semen Indonesia that is led by Head CSR department should be held a meeting between other department leader periodically and continuously. For example, held a meeting in every 3 months after reporting period with Board of Director that it is can be tentative but it is necessary. Openness of social responsibility programs with other department is quite good for brainstorming an idea of programs that probably can be met understand each other and build the togetherness within department. Informing is can bring togetherness can bring build a trust about budgeting and implementation program. For implementing social responsibility, the synergy of interdepartmental and intradepartmental is important for building harmonization in terms of problem or conflict occurred (Carroll et al., 2004).

Commitment and obedience can be enhance the PT. Semen Indonesia’s credibility that shows as good organization to be exemplified for other organization or company for being good in social responsibility. Other advantages are still maintain company’s status as market leader in the Indonesia cement industry that was fully committed for social responsibility, chance to get awards again (Gold PROPER), getting attention from stakeholder who is respected to

company and good annual reporting to improve corporate's image. In general, the selection of social responsibility programs must be driven by the core subjects and issues in accordance with ISO 26000, particularly in community development and involvement. Then the setting of assistance's priorities for each ring (ring 1, ring 2 and ring 3) contained in the production area is required.

Stakeholder Engagement Strategy

Thought patron clients from government, civil society and the private sector play an important role in creating and maintaining business value (Gould, 2012). As their influence evolves, companies must take a strategic and structured approach to stakeholder relations. To maintain influences that are possible raise some problem for company, this stakeholder engagement strategy below will guide the company to set strategy.

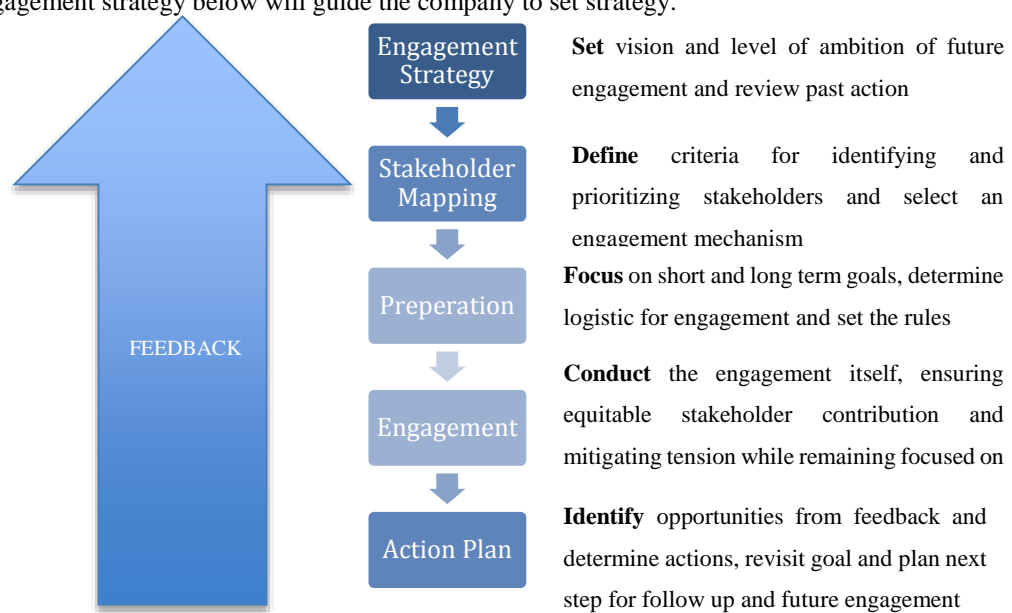


Figure 3.2 Five-Step Approach of Stakeholder Engagement Strategy
Source: Processed

This stakeholder engagement strategy has used to mapping stakeholder in PT. Semen Indonesia, Tuban. Based on stakeholder mapping, that include stakeholder information, stakeholder issues, stakeholder engagement analysis and stakeholder treatment (Smith, 2017). Through the tables that have been made, the interview process and direct observation show the following results:

Table 3.1 Stakeholder Engagement Mapping

No	Stakeholder Information							Issue	Stakeholder Mapping and Analysis					Stakeholder Treatment							
	Name/Group	Stakeholder Category	Stakeholder Explanation	Stakeholder Level	Domicile	Partner/ Sub-Contract / Non Partner	Working Coverage (national/regional/local)		Jobs/Activities	Relating Issue	Issue Explanation	Contribution (High = Knowledge in issues important - Low = unimportant)	Legitimacy (High = directly affected by company activity - Low = not directly affected)	Influence (High = very influential group - Low = not influential group/unknown group)	Necessity of Involvement (High = Spoken Stakeholder - Low = Outspoken Stakeholder)	Willingness to Engage (High = proactive to engage - Low = passive)	Explanation	Communication	Consultation	Collaboration	Engage
	Tuban District (Kabupaten Tuban)																				
1	District Government (Pemerintah Kabupaten)	Local Government	Government	District	Tuban	Partner	Local	Consolidate and Formulate the permission of CSR program (MoU phase)	Government	Government has authority and policies to permit CSR activities, so company should have corporate relation with them	Medium	High	High	High	High						To optimize the CSR implementation, company and district government should be engaged to support each other. Company also should build good relation with government continuously.
2	DPDR	Local Government	Government	District	Tuban	Partner	Local	Consolidate the CS	Government / Local Development	DPDR has duties to help company for arranging CSR program, good synergy is important to joint their purpose. DPDR is one of stakeholder who always make some issues consist environment and financial issues. This institution has low willingness to synergy, but DPDR didn't have authority to arrange CSR program directly	Medium	Medium	High	High	Low						Collaboration between DPDR and company is important to make appropriate CSR program. DPDR as public representative has knowledge about public needs, it can be share with the company
3	Dinas Pertambangan dan Energi	Local Government	Government	District	Tuban	Partner	Local	Checking and observe function to give recommendation for government, such as AMDAL and post-construction report	Environment and Government	This institution concerns about the business process of PT. Semen Indonesia that are consist environment, exploration and as possibility of company. Some time ago never occurred problems between agencies and companies concerned about the exploration license	Medium	Medium	High	Medium	Medium						Company should make communication and consultation approaches to maximize the business process. Consultation is to share the experience of technology for making efficient and effective process. Communication will help company to shows their business process successfully.
4	Dinas Pendidikan	Local Government	Government	District	Tuban	Partner	Local	Supporting and recommendation function to help the company for implementing the CSR programs.	Education	This institution concerns about implementation of CSR especially in education programs. In order to assisting the education program, this institution give recommendations to company, which one is priority or not.	High	Medium	Medium	Medium	Medium						Company is nearly connect with this institution, so that only optimize collaboration within them is enough.
5	Dinas Kebudayaan dan Pariwisata	Local Government	Government	District	Tuban	Partner	Local	Supporting and recommendation function to help the company for implementing the CSR programs.	Cultural	This institution concerns about the sectoral culture, likely marketing of batik bedog in Tuban as cultural identity.	Medium	Medium	Medium	Medium	Medium						Company is nearly connect with this institution, so that only optimize collaboration within them is enough.
6	Dinas Ketenagakerjaan	Local Government	Government	District	Tuban	Partner	Local	Supporting and recommendation function to help the company for implementing the CSR programs.	Economy / Labor	This institution concerns about labor issues that is including on local labor recruitment, employment benefits and prosperity of labor.	Medium	Medium	Medium	Medium	Medium						Company is nearly connect with this institution, so that only optimize collaboration within them is enough.
7	Dinas Lingkungan Hidup	Local Government	Government	District	Tuban	Partner	Local	Supporting and recommendation function to help the company for implementing the CSR programs.	Environment	This institution is the most critical institution in addressing the mining exploration activities, because the environment is an important issue in the sustainability of the ecosystem. Environmental issues are very sensitive today, degradation of resources quality and land are an issue that extremely crowded. Other concerns about gas emission and green house effect were busy discussed. This institution actually believe that PT. Semen Indonesia can handle this issues well.	Medium	Medium	High	Medium	Medium						Consultation is one of approaches to build synergy with the institution, so both of them will solve environmental issues together. Moreover, there are a sharing session within them continuously.

8	Dinas Pertanian	Local Government	Government	District	Tuban	Partner	Local	Supporting and recommendation function to help the company for implementing the CSR programs.	Environment	This institution is local partner for company to maintain the CSR programs, especially in agriculture which is the highest occupation's population. Agriculture is one of occupation that need some assistance, such as seeds, fertilizer and processing tools. Less optimal distribution of aid from the government, it makes the responsibility of the company will increase the farmers, in line with the company's goal to help local wisdom.	Medium	Medium	Medium	Medium	Medium	This institution is feeling very helped with the assistance. Because the company can help to growth the farmer economy, especially for rice and corn farmers.					Company is nearly connect with this institution, so that only optimize collaboration within them is enough.
9	Dinas Kesehatan	Local Government	Government	District	Tuban	Partner	Local	Supporting and recommendation function to help the company for implementing the CSR programs.	Health	This institution is an institution that supports the health program of the company. The institution also supports relief company to help sanitation and water treatment.	Medium	Medium	Medium	Medium	Medium	This institution has been getting pretty good with the assistance of the company, then this institution also has a very good relationship with the company, such as the development of puskesmas, posyandu and free medicine assistance.					Company should have good collaboration to maintain the healthiness of community. It's not for just in time, but continuously sustain and proper.
10	Dinas Perindustrian	Local Government	Government	District	Tuban	Partner	Local	Supporting and recommendation function to help the company for implementing the CSR programs.	Local economy	This institution concerns about empowering SMEs established partners and credit unions (koperasi simpan pinjam).	Medium	Medium	Medium	Medium	Medium	This institution is fully support and decide to help PT. Semen Indonesia to prove the empowering of SME and credit union.					Company should have good collaboration that focused on how and strategies of local economic independence through SME programs, cooperative, and capacity building
11	Dinas Perikanan	Local Government	Government	District	Tuban	Partner	Local	Supporting and recommendation function to help the company for implementing the CSR programs.	Local economy	This institution has concerns in the development of animal husbandry to improve public perception besides the availability of experts farms. For example, initiation of excellent programs goats, rabbits, fish, and livestock manure utilization	Medium	Medium	Medium	Medium	Medium	This institution has good relation with the company. Because many of the breeder being helped, so part of them is being success and autonomy.					Company is nearly connect with this institution, so that only optimize collaboration within them is enough.
12	TNI KORAM	Security forces	TNI	District	Tuban	Partner	Local	Operational security of company	Security	TNI don't have a formal legal aspects to maintain order and security. But their presence has contributed in maintaining and securing the company's operations.	Medium	Low	Medium	Low	Low	Even this institution is not directly effect the implementation of CSR. But the contribution is very helping for the business process.					Collaboration is needed for maintain the relation between company and TNI. Fulfillment of TNI basic's need must be focused
13	Polkes / POLRES	Security forces	Police	District	Tuban	Partner	Local	Operational security of company	Security	Police don't have a formal legal aspects to maintain order and security. But their presence has contributed in maintaining and securing the company's operations.	Medium	Low	Medium	Low	Low	Even this institution is not directly effect the implementation of CSR. But the contribution is very helping for the business process.					Collaboration is needed for maintain the relation between company and Police. Fulfillment of Police basic's need must be focused
14	CAGAR	NGO	Environment NGO	District	Tuban	Non-Partner	Local	Check and balance institution to give some recommendation for company	Environment	This institution often to criticize the actions that resulted in the expansion of the production of excessive exploitation of the natural resources	Low	Low	High	Low	Low	This institution can be a problem for company, NGO is one of dominant stakeholder that possible influence local community and spread a negative issues					Communication about business process that is not warm the environment is needed. Transparency about AMDAL should be inform and check continuously
15	HITRA (Forum Indonesia untuk Transparansi Anggaran)	NGO	Social NGO	District	Tuban	Non-Partner	Local	Check and balance institution to give some recommendation for company	Local economy	This institution often to criticize the actions of company about the allocation of assistances that is no transparencies, there are an identification of babe and complicit among company and government. Other issues are about local economic growth in ring 1, 2 and 3	Low	Low	High	Low	Low	This institution can be a problem for company, NGO is one of dominant stakeholder that possible influence local community and spread a negative issues					Communication about the budgeting transparency is needed. Make some report periodically and inform in PKD can be solution to cool down this issues
16	PROPER Advisor	Government	Government Institutions	National	Jakarta	Non-Partner	National	Evaluate and examiner institution to give a status or award for company	Economic and Environment	This institution has a duty to record and analyze the performance of CSR conducted by the company	Low	High	High	High	Low	This institution has legitimation about evaluate the company's performance, so that the result is being good or not. It will be effect in company's image for other stakeholders, especially for shareholders					Consultation is the best way to foster cooperation between the two institutions. Companies should actively ask for a recommendation on maximizing performance of CSR
17	Mangrove Center	Private	Environment Group	Local	Tuban	Partner	Local	Cooperate as supplier of various plant seeds growing	Environment	This institution focused to supply plant seeds for CSR's implementation	High	Low	Medium	Medium	High	This institution is independent, even between company and institution has mutual corporate.					Increase the collaboration with this institution will be help to maintain sustain cooperation

18	Farmer	Private	Group	Local	Taban	Partner	Local	Beneficiaries and implementers for CSR programs	Economic and Environment	Interest in the company to obtain development in agriculture and cultivation.	Medium	Low	High	Medium	Medium	This group has been depended with the company. If the company will decrease assistances, it potentially make some social problems	v	Collaboration can make some good relation with this group. More likely give some farming education and distribute assistances together
19	Young Figure	Private	Group or individual	Local	Taban	Partner	Local	Role model and implementers for CSR programs	Economic, Social and Environment	Interest in the company to be involved in community development activities, as well as provide useful information for program improvement.	High	Medium	High	High	Medium	This group or individual has a big influence in local community but as educational people, they will be more choose the better evidence of programs for their district	v	Engage is a better way to synergy with this group who will build their district together
20	Youth Organization	Private	Group	Local	Taban	Partner	Local	Check and balance institution to give some recommendation for company	Economic, Social and Environment	Interest to engage in development activities community through coordination with the village and figures	High	Medium	High	High	Medium	This group can be influence local community with their public opinion power	v	Engage is a better way to synergy with this group who will build their district together
21	Public Figure	Private	Group or individual	Local	Taban	Partner	Local	Role model and implementers for CSR programs	Economic, Social and Environment	Interest in the company to be involved in community development activities, as well as provide useful information for program improvement.	High	Medium	High	High	Medium	This group is possible influenced by outside interests or interest groups	v	Engage is a better way to synergy with this group who will build their district together
22	Unemployment	Private	Group or individual	Local	Taban	Non-Partner	Local	Beneficiaries and implementers for CSR programs	Economic and Social	Concerned with the company to get a job to coordinate and provide pressure on village.	Low	Low	Medium	Low	Medium	This group has low influence and necessity to involve with company. But this group also has interest to conduct with company	v	Communication is a way to know about group's interests and inform about company's objective for this group
23	Poor Citizen	Private	Group or individual	Local	Taban	Non-Partner	Local	Beneficiaries and implementers for CSR programs	Economic and Social	Interest in the company to obtain compensation in coordination with the village.	Low	Low	Medium	Low	Medium	This group has low influence and necessity to involve with company. But this group also has interest to conduct with company	v	Communication is a way to know about group's interests and inform about company's objective for this group
24	Women Community (PKK)	Private	Group	Local	Taban	Partner	Local	Beneficiaries and implementers for CSR programs	Economic and Social	Concerned to obtain guidance and training entrepreneurship of firms. PKK coordinate with the village.	Medium	Medium	High	Medium	Medium	This group can be influence to her family or her village. This group also can make public opinion when meeting has been held	v	Collaboration can make good synergy for this group that usually given training and other entrepreneurial activities
25	Student of Islamic Boarding School	Private	Group or individual	Local	Taban	Partner	Local	Trained community and servant of CSR programs	Economic and Social	Concerned with persahaan for training entrepreneurship. Students relationships with vendors to obtain information about trainings already been given.	Medium	Medium	Medium	Medium	Medium	This group can be influence to local community with islamic approaches	v	Collaboration can make good synergy for this group that usually given training and other entrepreneurial activities
26	KRM	Private	Group	Local	Taban	Partner	Local	Beneficiaries and implementers for CSR programs	Economic	Interest in the company to obtain credit with the Partnership.	Medium	Medium	Medium	High	High	This group has high necessity to involve in CSR programs, because they really need assistances to existing their business	v	Engage is a better way to synergy with this group who will build their district together
27	Trained Partners	Private	Group	Local	Taban	Partner	Local	Beneficiaries and implementers for CSR programs	Economic	Interest in the company to obtain credit stages and recorded as the partners. Partners concerned to obtain guidance sustainable and have the opportunity to earn rewards and participated in various exhibitions.	Medium	Medium	Medium	High	High	This group has high necessity to involve in CSR programs, because they really need assistances to existing their business	v	Engage is a better way to synergy with this group who will build their district together
28	Maat	Private	Group	Local	Taban	Partner	Local	Subsidiary maat of company	Economic	Interest as a subsidiary company concerned to obtain product supply trained partners. Maat has outlets specially trained partners who sell the product.	High	Low	Low	High	High	This subsidiary maat is fully supported by company, so an organization is depend on company's regulation	v	Engagement of organization is needed to make the maat going to success
29	Bank Industry	Private	Group or Individu	Local	Taban	Partner	Local	Beneficiaries and implementers for CSR programs	Economic	Interest in the company to be trained partners and obtain guidance on an ongoing basis.	Medium	Medium	Medium	High	High	This industry actually is ready to be independent, but they are still need some assistance, especially about education and training. Because of one quarter of taban's industry came from this occupation, this industry should be protected	v	Engage is a better way to synergy with this group who will build their district together
30	Traditional Market	Private	Group	Local	Taban	Partner	Local	Sales targets and partners of company	Economic	An issue about downstream of a variety of products for sale. Market interest in the company to give a touch of innovations that add to the potential sale of various products.	Low	Low	Medium	Medium	Medium	This market is the target product distribution, so the company should be more professional to support other supplier in market	v	Collaboration can make some good relation with this group. More likely give some good distribution channel and special price
31	Media	Private	Group	Local	Taban	Non-Partner	Local	Give information of issues to public	All of issues	Interest in controversial issues that related with company and community.	Low	Medium	High	High	Low	This independent groups always have big interest in company, within can be help company operation or disturb company operation	v	Collaboration can make some good relation with this group. More likely company has performed the CSR programs and netral media give information about CSR

That table above shows basis of termination in each color indicators. Regarding to risk measurement is being use for early warning conflict approach as social risk management. Subsequently potential conflict showed about change of trend among policies or issues and level of issues.

Additional Risk Management and Usage of Early Warning Conflict as Social Risk Management

Consist on stakeholder engagement in table 3.8, to make early warning conflict, there are four colors that shown as a sign of level of risk that potentially make conflict. Early warning conflict also will give a response for every change, such as politic, social or economic in every issue. In term of time is possible effect level of change intensity, more likely local election that can change local policy about stakeholder need and want from CSR’s assistances (van Walraven & van der Vlugt, 1996). PT. Semen Indonesia can use early warning conflict for first alarm. Each types of risk should be attention and need to get a more intense treatment. Adding Bureau which is Risk Management Bureau, this bureau should manage any type of risk, such as disaster/accident risk (earthquake, etc), compliance risk (scandal, bribing, etc) and business strategy risk (decision making and policy). This bureau being used for supporting that can be work together with CSR department to mitigate risk. The difference is CSR department has been focused in CSR programs, when Risk Management Bureau has been worked in stakeholders or CSR process.

Proposed Business Process

For implementing the alternative solution will bring new business processes in terms of the CSR operation, as follows;

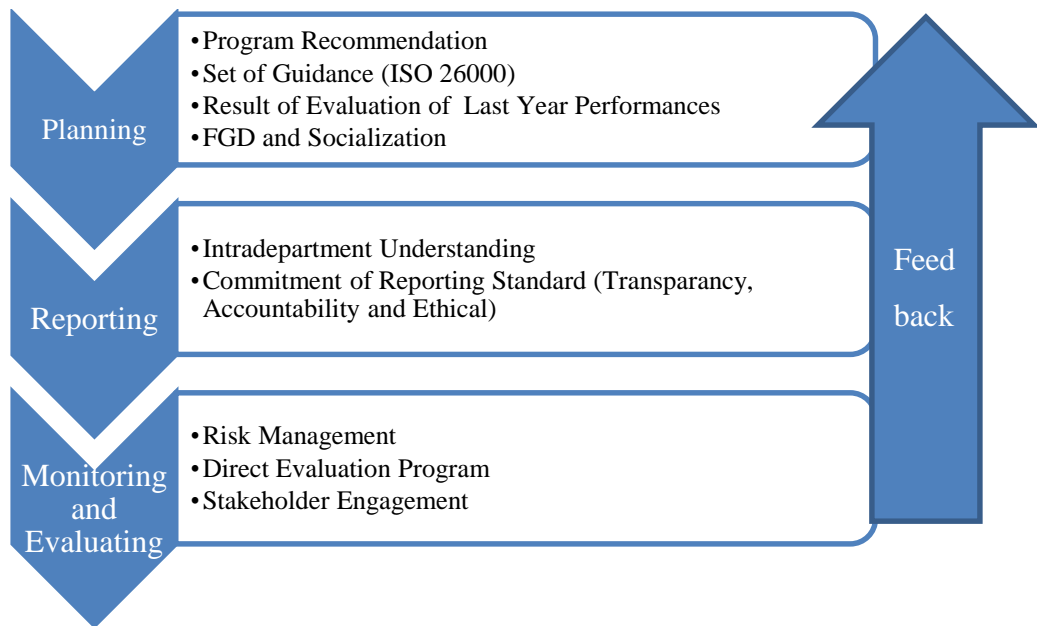


Figure 3.3 Proposed Business Process

That proposed business process is an initial action for PT. Semen Indonesia to maximize the implementation of CSR. Those steps in business process are core process in CSR management that planned in CSR blueprint, but with any adding proposed process that should be passed by company.

4 Conclusion

Those alternative solutions give some benefit for company; first application of ISO 26000 gives guidance for company to set up appropriate CSR program. After PT. Semen Indonesia to be a multinational company, ISO 26000 as international guidance will be making good company's image. Create continuously understanding of CSR in intra-department can make continuous synergy among department. One single business process is not only should be covered by one department but all departments should know objectives and processes to increase togetherness.

Commitment and obedient in CSR's objective can help to implement various components of CSR department. Selection of CSR program that aimed at sustainable development will be depend on PT. Semen Indonesia, but if the selection is suitable with sustainable development, many long term's goal can be achieve. Stakeholder engagement strategy is useful to prevent the social problem about issues and treatments. The level of stakeholder mapping is possible to be changed as well as company's perspective.

Risk Management Bureau can help company to determine risk among community or environment. This bureau also gives recommendation for the top management about risk of implementation of CSR. Moreover, early warning conflict can be first alarm for company to prevent stakeholder or operation area risks.

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